

**SUMTER COUNTY BOARD OF COMMISSIONERS  
EXECUTIVE SUMMARY**

**SUBJECT:** 2012 Schedule of Economic Development Incentives

**REQUESTED ACTION:** Board Approval of the 2012 Schedule of Economic Development Incentives

☐ Work Session (Report Only)    **DATE OF MEETING:** 2/28/2012  
☒ Regular Meeting                      ☐ Special Meeting

**CONTRACT:** ☒ N/A

Effective Date: \_\_\_\_\_

Vendor/Entity: \_\_\_\_\_

Termination Date: \_\_\_\_\_

Managing Division / Dept: \_\_\_\_\_

**BUDGET IMPACT:** Impact only occurs by BOCC vote per project

☒ Annual

**FUNDING SOURCE:** General Fund

☐ Capital

**EXPENDITURE ACCOUNT:** N/A

☐ N/A

---

**HISTORY/FACTS/ISSUES:**

The 2012 Schedule of Economic Development Incentives is attached and incorporates the current federal, state, and local economic development incentives available to our current and new industrial customers.

The local incentive requires a commitment contract from the industrial customer which will provide the cash once the thresholds and documentation demonstrate the incentive is warranted. Those funds would initially come from the General Fund - Reserve for Contingencies. The following year of validating the retention of the jobs and their corresponding average annual wage thresholds, the funding would be included in the General Fund operating budget until the third year of the incentive was still warranted and completed. From this standpoint, the BOCC maintains an adequate threshold and the incentive truly becomes an incentive to make the deal for the existing company to expand in Sumter County or the new company to locate to Sumter County.

---

**2012**

**Sumter County  
Schedule of Incentives**

**Mr. Bradley Arnold  
County Administrator  
Sumter Board of County Commissioners  
7375 Powell Road, Suite 200,  
Wildwood, FL 34785  
352-689-4400**

# Table of Contents

<b>Sumter County Economic Development Incentives</b>	1
Introduction	2
Manufacturing Jobs Tax Credit (MJTC)	2
Local Support Provided Directly for Certain State Incentives	3
<b>State of Florida Economic Development Incentives</b>	4
Industrial Revenue Bonds	5
Florida Sales And Use Tax Incentives	5
Sales and Use Tax Exemptions include	6
Qualified Target Industry Tax Refund (QTI)	6
Qualified Defense and Space Contractor Tax Refund (QDSC)	7
Capital Investment Tax Credit (CITC)	7
High Impact Performance Incentive Grant (HIPI)	7
Quick Response Training Program (QRT)	8
Incumbent Worker Training Program (IWT)	8
On-the-Job Training Program (OTJT)	8
Economic Development Transportation Fund (EDTF)	9
<b>Federal Economic Development Incentives</b>	10
Small Business Innovation Research Program (SBIR)	11
Small Business Technology Transfer Program (STTR)	11
SBA Loan Programs	11
Business & Cooperative Programs	12
Loan & Grant Programs	12

# Sumter County

## Economic Development Incentives

## Introduction

Even with Sumter County's advantages of a low and stable ad valorem tax rate, a low debt ratio and a pro active business policy, Sumter County industry and those looking to locate to Sumter County are looking for the competitive incentives to make their decision to expand and relocate.

The Sumter County incentive for industry recognizes that:

1. Existing industry in Sumter County deserve the highest priority for any new incentives since they have already invested their lives and resources into this County.
2. Recruiting new industry will be particularly hard due to the infrequent opportunities with the industrial decline in Florida and across the United States.
3. Assisting new start up industries will also be difficult because of tighter credit requirements and an absence of entrepreneurial confidence about the future.

## Manufacturing Jobs Tax Credit- (MJTC)

The MJTC credit applies to all new full time hires by new or existing manufacturing business (Listed in the Latest North American Industrial Classification System (NAICS).

The minimum threshold for consideration of the MJTC is as follows:

1. Minimum capital investment of \$500,000
2. Minimum of ten (10) new full time jobs
3. Minimum of 90% of Sumter County's average annual wage (AAW) for each full time job desired for consideration

MJTC will be as follows: \$2,000 for new full time jobs meeting the minimum requirements above, \$3,000 for new full time jobs paying a minimum of 115% of Sumter County's AAW, and \$4,000 for new full time jobs paying a minimum of 150% of Sumter County's AAW. The cash payment will be made in the Sumter County fiscal year the position is filled, for a maximum of three fiscal years once verification from Sumter County is completed.

Process and Limitations: Each new full time job must be retained a minimum of three (3) years. The employer must reapply for the MJTC cash payment each following year, for each new full time job maintained, up to a maximum of three years. The MJTC maximum credit is limited by the funds appropriated each fiscal year as determined with the adoption of the Sumter County budget.

**Local Support Provided Directly for Certain State Incentives (further detailed under State Incentives):**

- Industrial Revenue Bonds (via the Sumter County Industrial Development Authority)
- Sales/Use Tax Exemptions and Job Tax Credits via locating in Sumter County Enterprise Zones

# State of Florida

## Economic Development Incentives



## Industrial Revenue Bonds

Public entities may issue tax-exempt Industrial Revenue Bonds (IRB) on behalf of private companies. Because interest payments to IRB buyers are not subject to federal income tax, bonds can subsequently be sold at lower interest rates. This may greatly reduce project cost. Typical expenses that are eligible for IRB financing include: property acquisition, machinery and equipment, design, consulting, legal, and accounting services, and financing costs. Florida Development Finance Corporation ("FDFC") is the state authorized issuer of industrial revenue bonds. FDFC issues bonds in counties throughout Florida through local agreements. FDFC offers tax-exempt, low interest bond financing to qualified, financially sound, manufacturing and 501(c)(3) nonprofit organizations. This program was designed to improve low cost capital availability to Florida's manufacturers and nonprofit companies that qualify for tax exempt finance under IRS rules. In addition to manufacturers, 501(c)(3) organizations that have been financed with FDFC issued industrial revenue bonds include, charter and private schools, homes for the aged, daycare facilities, and recreation centers. The bonds financed items, such as, broadcasting equipment and office facilities. If a transaction does not meet IRS qualifying rules for tax exempt finance, it can be financed with taxable bonds through FDFC. For taxable transactions, IRS qualifying rules governing tax exempt financing do not apply. The rates for taxable bond transactions are very competitive compared to other financing instruments, such as conventional loans.

## Florida Sales and Use Tax Incentives

A qualified business can utilize a sales tax exemption on the entire amount of capital invested in project construction and installation. This exemption program also exempts taxes on construction labor, equipment installation, equipment replacement parts with a life of over one year, and repair labor. Florida's stable and highly favorable tax climate provides advantages that make a Florida location profitable for every type of business. Progressive legislation also ensures that Florida remains a worldwide hub for new and expanding businesses.

- NO corporate income tax on limited partnerships
- NO corporate income tax on subchapter S-corporations
- NO state personal income tax guaranteed by constitutional provision
- NO corporate franchise tax on capital stock
- NO state-level property tax assessed
- NO property tax on business inventories
- NO property tax on goods-in-transit for up to 180 days
- NO sales and use tax on goods manufactured or produced in Florida for export outside the state
- NO sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging
- NO sales/use tax on co-generation of electricity



### **Sales and Use Tax Exemptions include:**

- Machinery and equipment used by a new or expanding Florida business to manufacture, produce, or process tangible personal property for sale
- Labor, parts and materials used in repair of and incorporated into machinery and equipment
- Electricity used in the manufacturing process
- Certain boiler fuels (including natural gas) used in the manufacturing process
- Semiconductor, defense and space technology-based industry transactions involving manufacturing equipment
- Machinery and equipment used predominantly in research and development
- Labor component of research and development expenditures
- Commercial space activity — launch vehicles, payloads and fuel, machinery and equipment for production of items used exclusively at Spaceport Florida
- Aircraft parts, modification, maintenance and repair, sale or lease of qualified aircraft

Production companies engaged in Florida in the production of motion pictures, made for television motion pictures, television series, commercial music videos or sound recordings.

### **Qualified Target Industry Tax Refund (QTI):**

The Qualified Target Industry Tax Refund incentive is available for companies that create high wage jobs in targeted high value-added industries. This incentive includes refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. Pre-approved applicants who create jobs in Florida receive tax refunds of \$3,000 per net new Florida full-time equivalent job created; \$6,000 in an Enterprise Zone or rural county. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job. The local community where the company locates contributes 20 percent of the total tax refund. There is a cap of \$5 million per single qualified applicant in all years, and no more than 25 percent of the total refund approved may be taken in any single fiscal year. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.

## **Qualified Defense and Space Contractor Tax Refund (QDSC)**

Florida is committed to preserving and growing its high technology employment base by giving Florida defense, homeland security, and space business contractors a competitive edge in consolidating contracts or subcontracts, acquiring new contracts, or converting contracts to commercial production. Pre-approved applicants creating or retaining jobs in Florida may receive tax refunds of \$3,000 per net new Florida full-time equivalent job created or retained; \$6,000 in an Enterprise Zone or rural county. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job.

## **Capital Investment Tax Credit (CITC)**

The Capital Investment Tax Credit is used to attract and grow capital-intensive industries in Florida. It is an annual credit, provided for up to twenty years, against the corporate income tax. Eligible projects are those in designated high-impact portions of the following sectors: clean energy, biomedical technology, financial services, information technology, silicon technology, transportation equipment manufacturing, or be a corporate headquarters facility. Projects must also create a minimum of 100 jobs and invest at least \$25 million in eligible capital costs. Eligible capital costs include all expenses incurred in the acquisition, construction, installation, and equipping of a project from the beginning of construction to the commencement of operations. The level of investment and the project's Florida corporate income tax liability for the 20 years following commencement of operations determines the amount of the annual credit.

## **High Impact Performance Incentive Grant (HIPI)**

The High Impact Performance Incentive is a negotiated grant used to attract and grow major high impact facilities in Florida. Grants are provided to pre-approved applicants in certain high-impact sectors designated by the Governor's Office of Tourism, Trade and Economic Development (OTTED). In order to participate in the program, the project must: operate within designated high-impact portions of the following sectors-- clean energy, biomedical technology, financial services, silicon technology, and transportation equipment manufacturing or be a corporate headquarters facility supporting international, national or regional operations; create at least 100 new full-time equivalent jobs (if a R&D facility, create at least 75 new full-time equivalent jobs) in Florida in a three-year period; and make a cumulative investment in the state of at least \$100 million (if a R&D facility, make a cumulative investment of at least \$75 million) in a three-year period. Once recommended by Enterprise Florida, Inc. (EFI) and approved by OTTED, the high impact business is awarded 50 percent of the eligible grant upon



commencement of operations and the balance of the awarded grant once full employment and capital investment goals are met.

### **Quick Response Training Program (QRT)**

Quick Response Training (QRT) - an employer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion. A state educational facility - community college, area technical center, school district or university – is available to assist with application and program development or delivery. The educational facility will also serve as fiscal agent for the project. The company may use in-house training, outside vendor training programs or the local educational entity to provide training. Reimbursable training expenses include: instructors'/trainers' wages, curriculum development, and textbooks/manuals. This program is customized, flexible, and responsive to individual company needs. To learn more about the QRT program, visit Workforce Florida.

### **Incumbent Worker Training Program (IWT)**

Incumbent Worker Training (IWT) - a program that provides training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require skills upgrade training for existing employees. Priority is given to businesses in targeted industries, Enterprise Zones, HUB Zones, Inner City Distressed areas, Rural Counties and areas, and Brownfield areas. For additional information on the IWT program, visit Workforce Florida.

### **On-the-Job Training Program (OTJT)**

Job Services of Florida will provide a reimbursement to businesses of up to 40% of wages paid to qualified employees when the company agrees to provide on-the-job training for eligible positions.

## **Economic Development Transportation Fund (EDTF)**

This program helps diversify Florida's economy by enabling the state to respond quickly to extraordinary economic opportunities and compete effectively for projects that involve significant capital investment and the creation of high-wage jobs. There are certain projects for which the competition is so great that, without flexible and readily available funds, opportunities would be lost. The Quick Action Closing Fund provides additional resources to help the state attract new and expand existing high-impact businesses.

# Federal Incentives

Economic Development Incentives



## Federal Incentive Programs

### Small Business Innovation Research Program (SBIR)

SBIR is highly competitive award program which provides qualified small businesses with opportunities to propose innovation ideas that meet specific research and development needs of one of eleven federal agencies. To be eligible, a business must be American-owned, independently operated, and for-profit; have no more than 500 employees; and employ its principal researcher. Federal agencies make SBIR awards based on a start-up businesses that receive awards then begin a three-phase program:

- **Phase 1** is the startup phase. Awards of up to \$100,000 for approximately 6 months support exploration of the technical merit or feasibility of an idea or technology.
- **Phase 2** awards of up to \$750,000, for as many as 2 years, expand Phase 1 results. During this time, the R&D work is performed and the developer evaluates commercialization potential. Only Phase 1 award winners are considered for Phase 2.
- **Phase 3** is the period during which Phase 2 innovation moves from the laboratory into the marketplace. No SBIR funds support this phase. The start-up business must find funding in the private sector or other non-SBIR federal agency funding.

### Small Business Technology Transfer Program (STTR)

STTR is much like SBIR (above) except for the STTR requirement that a small business work jointly with a non-profit research institution, such as a federally-funded research and development center, a university, or a university-affiliated hospital. (A minimum of 40% of the work must be performed by the small business and a minimum of 30% by the non-profit research institution.) To be eligible, a business must be American-owned, independently operated, and for-profit and have no more than 500 employees. Each year, five federal agencies are required by STTR to reserve a portion of their R&D funds for award to start-up business/nonprofit research institution partnerships. STTR award phases are the same as for SBIR except that the duration of Phase 1 is approximately one year.

The [U.S. Small Business Administration](#), [SBDC BTC Program](#), and [SBIR Gateway](#) provide additional information on SBIR/STTR programs and federal agency solicitations.

### SBA Loan Programs

Through its two local SBA offices in Florida, [Jacksonville SBA office](#) and [Miami SBA office](#), the U.S. Small Business Administration (SBA) offers several loan programs that provide financial aid to small businesses.

## USDA Rural Development

### Business & Cooperative Programs

Promoting a dynamic business environment in rural America is the goal of Rural Development, Business and Cooperative Programs (BCP), Business Programs (BP). BP works in partnership with the private sector and the community-based organizations to provide financial assistance and business planning. BP helps fund projects that create or preserve quality jobs and/or promote a clean rural environment. The financial resources of BP are often leveraged with those of other public and private credit source lenders to meet business and credit needs in under-served areas. Recipients of these programs may include individuals, corporations, partnerships, cooperatives, public bodies, nonprofit corporations, Indian tribes, and private companies.

### Loan & Grant Programs (Bullets link to <http://rurdev.usda.gov> website)

- Business and Industry Guaranteed Loan (B&I) Program
- Intermediary Relending Program (IRP)
- Rural Business Enterprise Grant (RBEG) Program
- Rural Business Opportunity Grant (RBOG) Program
- Rural Economic Development Loan and Grant (REDLG)
- Biorefinery Assistance Program Biorefinery Assistance Loan Guarantees (BIOREFINERY)
- Bioenergy Program for Advanced Biofuels
- Repowering Assistance Program
- Rural Energy for America Program/Energy Audit and Renewable Energy Development Assistant (REAP/EA & REDA)
- Rural Energy for America Program/Renewable Energy Systems/Energy Efficiency Improvement Program (REAP/RES/EEI)
- Rural Energy for America Program/Feasibility (REAP/FEASIBILITY)
- Rural Energy for America Program Guaranteed Loan Program (REAP LOAN)
- Farmbill Initiatives - REAP

The delivery of programs is accomplished through three National Office Divisions and a nationwide field staff serving the 50 States, the Virgin Islands, Puerto Rico, and Western Pacific Territories.

All USDA Rural Development mission area programs, including Business Programs, are administered by Rural Development field staff.